

5 of 32 DOCUMENTS

Copyright 2005 The Chronicle Publishing Co.
The San Francisco Chronicle

OCTOBER 23, 2005, SUNDAY, FINAL EDITION

SECTION: NEWS; Pg. A1

LENGTH: 1913 words

HEADLINE: Online networking clicks among friends;

And investors sense profits from Web sites linking people

SOURCE: Chronicle Staff Writer

BYLINE: Reyhan Harmanci

BODY:

Before the Internet, social life was both simpler and more complicated. To keep up with friends, you actually had to see them. To organize a party, you had to pick up the phone. To get a date, you had to have chemistry. Now, thanks to the miracle of online social networking sites, you can manage your friends without taking your hands off the keyboard.

Social networking has become one of the most popular applications on the Internet in the wake of the dot-com bust. There is now a social network site for practically every subgroup, no matter how weird, niche or pragmatic.

SmallWorld.net is an invitation-only site restricted to jetsetters. Dogster.com caters to dog owners. LinkedIn.com serves professionals who want to foster new business ties. Meetup.com helps people plan events.

Unsurprisingly, young people are the force behind the most popular sites. MySpace.com, which was acquired in September by Rupert Murdoch's News Corp. for \$580 million, boasts 33 million users, who, among other things, use the site to upload and share music.

Palo Alto-based Facebook.com, which was founded in February 2004 by Harvard student Mark Zuckerberg, has grown to 8.3 million users and is the 11th most visited site on the Internet, according to Web trafficking firm comScore Media Metrix.

Chris Hughes, a Facebook spokesman and Harvard senior, said the company is close to claiming representation at every college in the country, with 80 percent membership among each collegiate population. In September, Facebook launched a service for high school students; a month later, 22,000 teenagers have registered accounts.

In an increasingly crowded field of Web sites dedicated to online social networking, Facebook.com stands out, and the reasons behind its success speak to trends both in online social networking and the Internet in general.

By serving the needs of a specific population, creating a platform for users to generate content and enabling advertisers to reach a niche audience, Facebook has the makings of an Internet 2.0 giant.

"People's behavior will change with technology," said Howard Rheingold, author and Internet expert. "I know very few young people who can't type out a text message on their phone with one thumb, for instance. You mention Facebook -- it's a Facebook generation."

"Social networks didn't begin with social networking Web sites, but the technology has extended our capabilities in important ways."

On the financial front, social networking sites' prospects are also intensifying, as investors and advertisers look beyond the raw number of page hits to determine a Web site's viability. Among other things, each site is a treasure trove of consumer data.

Online networking clicks among friends; And investors sense profits from

In May 2005, the Accel group, a Silicon Valley venture capitalist firm, bought a \$12.2 million chunk of Facebook, which is currently valued at around \$100 million. Accel plans to capitalize on Facebook's ability to deliver a targeted youth audience to advertisers.

This month, Yahoo purchased Upcoming, a site that lets people publicly list and share their schedules of events with friends. Google jumped into the fray even earlier: In May 2005, it bought Dodgeball, a site that brings social networking to mobile phones by enabling people to broadcast their whereabouts via text messages, betting on a future of mobile social networking.

Advertisers see social networks as free focus groups. Already, Apple Computers has bought the right to start groups on Facebook, roping college kids into an advertising campaign by dangling the prospect of a free iPod.

As Tim O'Reilly, Internet pioneer and publisher, said in an interview, "Social networking has always been considered one of the key applications of the Internet." From the inception of the World Wide Web around 1992, people have aggregated around interests.

It wasn't until 1997, though, when the first site was launched -- it was called Sixdegrees, named after the famous Stanley Milgram experiment that aimed to show how every human could be connected through six degrees of separation. The idea behind a connected virtual community took off in 2003 with the wildly popular Friendster, which, with about 19 million users, is still one of the leading sites.

Since the first generation of online networking, a whole galaxy of start-ups have emerged, all trying to tie social networks to certain services or communities.

The ever-changing composition of Facebook and other popular networking sites exemplifies what O'Reilly calls the "secret sauce" of the Internet: harnessing collective intelligence. "EBay and Amazon don't just sell things; Amazon lets readers write annotations and reviews, and eBay gives informed search results. It's all about user-generated content," he said.

O'Reilly believes online social networking is in its infancy. "There's a huge opportunity for players like Microsoft or Yahoo or Google to layer social networking applications on top of existing features, like utilizing existing buddy lists or saving e-mail addresses and connecting them to profiles," he said.

"I really believe the next generation of e-mail, for example, will take on social networking features."

But whether or how these sites will change the nature of social life is harder to predict. Unlike dating sites, which facilitate real-world interactions, Facebook, MySpace and Friendster are not necessarily intended to bring people from the online world to the offline one. Instead, they enable users to find strangers with similar interests, to experiment with identity, to maintain and solidify friendships, to network for jobs and housing.

"It's an alternative form of social interaction, totally," said Dena Takruri, 21, a junior at UC Berkeley, who claims 365 friends on her Facebook profile. Takruri explains that the Web site itself is part of her social world.

For the majority of users, logging onto Facebook is as embedded in their routine as e-mail. Students check their messages, look at their "wall" of comments from friends, read their online bulletin boards, update their profile, check out classmates, search for high school friends, and, of course, spy on ex-boyfriends and ex-girlfriends.

Every field in a profile -- which is subject to endless tweaking -- can be searched and cross-referenced, or hyper-linked, making it easy for students to find people in their classes or other fans of obscure music. If a student can't be bothered to write someone a note, he can click the "poke" feature, which Takruri translates as "just a way of saying, 'What's up?'"

Undoubtedly, there are many potentially useful features of Facebook, but users seem less interested in finding study partners than in uploading pictures of friends in compromising positions and starting groups with names such as "I Went to Private School ... But Somebody Else Paid."

"I love it; it's awesome," says San Francisco native Elizabeth Shapiro, 20, a student at Kenyon College in Ohio. "I don't use it to meet people so much as keep track of my friends."

It's also an addiction, said Shapiro, a feeling echoed by many students, according to a study of collegiate social life by UC Berkeley graduate student Megan Finn.

Online networking clicks among friends; And investors sense profits from

Social scientists ascribe the appeal of social networking sites to what they call "low cost." Rather than engage in long conversations to determine someone's favorite movie, for example, Facebook users can just glance at a profile and get a sense of the interests of the person living next door. Then connections can be maintained by checking a user's page.

"I'm not sure I think of it as a new social sphere," said Duncan Watts, a professor at Columbia University's Institute for Social and Economic Research and Policy. "Linking to someone on Facebook doesn't have much in the way of consequences for how well you know them, influence them or work with them; thus it doesn't generate new meaningful ties that didn't exist for any other reason."

Watts finds the lowered costs of social activity to be a double-edged sword. "Often when people talk about networks, there is an assumption that more connectivity and lower costs are always better," he said. "But that's not necessarily true. Very often in social life, we don't want everyone to know everything about us."

For that reason, Facebook limits access to personal information.

By restricting their membership to those with academic e-mail addresses and only enabling people to search through their schools, Facebook has managed to shore up its community.

Shapiro, for instance, was turned off by the idea of interacting with "strangers" on sites that allow the general public to sign up. Takruri said that her friends jokingly refer to MySpace as "Facebook for the common folk." As Sam Altman, 20, a recent Stanford University dropout and CEO of a company that will launch early next year, puts it, "For a social network to be useful, do you need to see 29 million people's profiles? Selective restriction might be a better way to go."

Although overwhelmingly popular on campuses, there are plenty of students who feel skeptical about the kind of social interaction Facebook breeds. Anastasia Queira, 23, joined the site when she was attending Stanford but never put much personal information on her profile. She logged on at Stanford to find practical information, such as party locations, or to keep in touch with high school friends but finds the practice of contacting near-strangers disturbing.

"I think it has a lot to do with the fact that both my parents are not American," said Queira of her doubts about Facebook. "There's a very American way of defining friends, with levity. What does it mean to call someone a friend who you've met for three seconds? It's very passive kind of contact, and there's something troublesome about it."

Altman affirms that the existence of online social networks has changed the social landscape. "They've added a totally new level of social structure. You meet someone and ask yourself, 'When am I good enough friends with someone to add them on MySpace?'"

But, he adds, we've only seen "less than 2 percent" of what social networking technologies can do.

"Social networking is going to be a highly mobile thing," he said. "Right now, you're stuck behind a computer, which limits how you can improve your social life."

While the long-term impact of social networking Web sites has yet to be determined, experts caution against hyperbole.

Jonah Peretti, director of research and development for Eyebeam, a New York-based new media research organization, finds the telephone to be an apt metaphor for how people might overestimate the antisocial effects of online networking sites.

"When the telephone first became popular, people thought that no one would leave their houses, traffic patterns would change, that overall car use would decrease," Peretti said. "Yet one of the results was that people called each other up and arranged to meet, increasing social activity."

But lots of low-cost friendships might mean lots of lower quality friendships.

"Everyone has a network of friends, but only someone using a system like Facebook can browse them," Peretti said. "This makes it possible for socializing to become a competitive sport in which you strive for more and better social ties than your peers." E-mail Reyhan Harmanci at rhmanci@sfchronicle.com.

GRAPHIC: PHOTO, Dena Takruri is a junior at UC Berkeley who claims 365 friends on her profile at Facebook, a social networking site that she says offers an alternative form of interacting with people. / John Storey / The Chronicle

Online networking clicks among friends; And investors sense profits from

LOAD-DATE: October 23, 2005